

## Message Text

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USIA-15 ACDA-19 IO-14 SAM-01 DRC-01 /125 W

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R 190708Z JUL 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3685

INFO CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 CANBERRA 4644

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, AS

SUBJ: VIEWS OF OPPOSITION LEADER SNEDDED JULY 18

1. SUMMARY: IN EXTENDED AND FRANK LUNCHEON CONVERSATION JULY 18, OPPOSITION LEADER SNEDDED EMPHASIZED IMPORTANCE OF ANZUS TO AUSTRALIA, EXPRESSED CONCERN OVER INTERNATIONAL DAMAGE CREATED BY WATERGATE AFFAIR, DESCRIBED TRENDS IN AUSTRALIA TOWARDS LIBERAL CENTER, AND DISCUSSED POLITICAL PERSONALITIES AND HIS CONCERN OVER ECONOMIC OUTLOOK. END SUMMARY.

2. DURING EXTENDED LUNCHEON CONVERSATION JULY 18, OPPOSITION LEADER SNEDDEN AND I DISCUSSED U.S.-AUSTRALIAN RELATIONS: AUSTRALIAN POLITICAL SCENE; AND AUSTRALIAN ECONOMIC AND FINANCIAL POLICY.

3. U.S.-AUSTRALIAN RELATIONS - SNEDDEN ASKED ME HOW LONG U.S. WAS GOING TO CONTINUE TO DAMAGE ITSELF AND HURT ITS FIRENDS THROUGH PRESENT "PROCESS OF SELF-FLAGELLATION" OVER WATERGATE, AN AFFAIR THAT HE FELT WAS BEING BLOWN UP ALL OUT OF PROPORTION TO ITS INTRINSIC INSIGNIFICANCE. I REVIEWED ORIGINS OF WHOLE AFFAIR IN  
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SERIES OF SECURITY LEAKS IN ADMINISTRATION, BEGINNING

IN 1969, AND CORRECTIVE MEASURES WHICH LED ON TO OTHER ACTIVITIES AND COURT CONVICTIONS.

4. SNEDDEN WRYLY OBSERVED THAT AUSTRALIAN SHOULD BE ABLE TO VOTE IN U.S. PRESIDENTIAL ELECTIONS, SINCE WHAT HAPPENED IN U.S. HAD SIGNIFICANT EFFECT ON AUSTRALIA. HE SPOKE OF THE VITAL IMPORTANCE TO AUSTRALIA OF ANZUS BUT HE WAS DOUBTFUL AS TO WHAT BENEFITS U.S. REALLY DERIVED FROM ANZUS. I EXPLAINED GREAT IMPORTANCE WE ATTACH TO U.S.-AUSTRALIAN JOINT FACILITIES IN AUSTRALIA AND THEIR RELATIONSHIP TO MAINTAINING A WORLD EQUILIBRIUM ON WHICH TO BUILD PEACE. AS LONG AS THESE FACILITIES CONTINUED, THERE WOULD BE NO U.S. QUESTIONING OF ANZUS. IN FACT ANZUS TODAY WAS PERHAPS THE MOST UNQUESTIONED OF ALL OUR TREATY COMMITMENTS. THIS SITUATION COULD CHANGE, BUT IT WOULD NOT BE BECAUSE OF ANY U.S. INITIATIVE. SNEDDEN NOTED THE JOINT CHARACTER OF THE FACILITIES (HE HAS BEEN BRIEFED BY THE GOA ON THE NATURE AND FUNCTIONS OF THESE INSTALLATIONS) AND SAID THAT HE SAW AUSTRALIA'S ROLE ALSO AS INVOLVING PROVISION OF SUPPORT, ENCOURAGEMENT, AND ASSISTANCE IN A LONELY ROLE U.S. HAS IN WORLD.

5. AUSTRALIAN POLITICAL SCENE - SNEDDEN DISCUSSED DETAILS OF THE JOINT SITTING OF BOTH HOUSES OF PARLIAMENT NOW IN PROSPECT FOR LATE JULY OR EARLY AUGUST. HE MADE IT CLEAR THAT THE MOST OPPOSITION CAN DO IS TO ATTACK THESE BILLS AT LENGTH, SINCE LABOR GOVERNMENT WILL HAVE SUFFICIENT NUMERICAL EDGE TO ENSURE PASSAGE.

6. WHEN I ASKED SNEDDEN WHETHER HE REGRETTED PRESSING FOR ELECTIONS MAY 18, HE REPLIED THAT HE DID NOT. MAY ELECTIONS WERE LAST TIME OPPOSITION COULD HAVE CHOSEN DATE. HE THOUGHT THAT WHITLAM WOULD HAVE INTRODUCED BUDGET IN AUGUST, 1974 (IN ABSENCE OF MAY ELECTIONS) AIMED AT "BUYING" ELECTORATE IN ELECTIONS THAT MIGHT HAVE BEEN HELD AT END OF 1974. IN ELECTIONS UNDER THOSE CIRCUMSTANCES, SNEDDEN SAID HE THOUGHT WHITLAM WOULD HAVE EMERGED WITH MAJORITY OF UP TO 29 SEATS.  
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7. SNEDDEN MADE FURTHER, INTERESTING POINT. HE SAID THAT FORMER PRIME MINISTER MENZIES, AS CO-FOUNDER OF LIBERAL PARTY IN 1944 AND MASTERFUL PERSONALITY, HAD LITTLE TROUBLE IN IMPOSING HIS WILL ON HIS PARTY. PRIME MINISTERS HOLT, GORTON, AND MCMAHON HAD NEVER REALLY BEEN SUCCESSFUL IN PROVING THEMSELVES AS PARTY LEADERS. SNEDDEN SAID HE HAD THOUGHT HE MUST

WIN ELECTIONS TO PROVE HIMSELF AS PARTY LEADER, BUT HE NOW THOUGHT HE HAD ACHIEVED THIS PURPOSE BY LOSING NARROWLY.

8. SNEDDEN ADDED THAT ELECTIONS FOR HALF OF SENATE MUST BE HELD BEFORE JULY, 1976. THESE ELECTIONS WILL BE VERY SIGNIFICANT, FOR LABOR GOVERNMENT HAS AT LEAST EVEN CHANCE OF GAINING CONTROL OF SENATE, IN WHICH CASE IT CAN ENACT ENTIRE LEGISLATIVE PROGRAM, DESPITE ANYTHING OPPOSITION MIGHT ATTEMPT. HE DID NOT ANTICIPATE ELECTIONS FOR HOUSE OF REPRESENTATIVES IN NEXT FEW MONTHS OR YEAR.

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9. LOOKING FATHER INTO FUTURE, SNEDDEN COMMENTED THAT HE REGARDED HIMSELF AS SMALL "I" LIBERAL, BUT HE HAD TO KEEP IN MIND THAT MANY PEOPLE IN LIBERAL PARTY ARE BETTER DESCRIBED AS CONSERVATIVES. HE IMPLIED CONSIDERABLE PARALLELS BETWEEN HIS OWN VIEWS AND THOSE OF MEMBERS OF THE LABOR GOVERNMENT ON NUMBER OF ISSUES, THOUGH NOT ON DEFENSE POLICY. HE NOTED BINDING CHARACTER OF LABOR PLATFORM, IN CONTRAST TO LIBERAL PARTY, WHERE HE IS FREE TO SET DIRECTION OF POLICY BUT HAS NO MEANS OF DISCIPLINING LIBERAL PARTY MEMBERS WHO DISAGREED WITH HIM. PARTLY BECAUSE OF THESE PERCEIVED PARALLELS BETWEEN HIS OWN VIEWS AND THOSE OF THE MEMBERS OF THE

LABOR PARTY, SNEDDEN SAID HE DID NOT REGARD THE LABOR GOVERNMENT AS HAVING MOVED TO THE LEFT FOLLOWING THE MAY 18 ELECTIONS. HE DESCRIBED DEPUTY PRIME MINISTER CAIRNS AS, AT LEAST OUTWARDLY, MOVING RIGHT-WARD TO GAIN RESPECTABILITY AND STATURE.

10. SNEDDEN TOUCHED AT SOME LENGTH ON PERSONALITIES. HE DISPARAGED THE PERFORMANCE OF COUNTRY PARTY LEADER ANTHONY IN THE ELECTIONS, OBSERVING THAT ANTHONY'S ILL-CONSIDERED STATEMENTS AND SNEDDEN'S REPAIR WORK HAD CONSUMED TOTAL OF 6 OF THE 18 DAYS OF THE CAMPAIGN, AND CONSEQUENT LOSS OF TIME HAD HURT. CONFIDENTIAL

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SNEDDEN SAID IT WASN'T THAT ANTHONY'S INTENTIONS WERE NOT ALL FOR THE BEST. ANTHONY SIMPLY COULD NOT INTELLECTUALLY GRASP THE IMPLICATIONS OF SOME OF THE THINGS HE SAID.

11. SNEDDEN COMMENTED RATHER HARSHLY ON SENATOR STEELE HALL, FORMER PREMIER OF SOUTH AUSTRALIA, WHO WAS ELECTED TO SENATE ON LIBERAL MOVEMENT TICKET. HALL HAS TENDED TO VOTE WITH LABOR ON EVERY OCCASSION IN NEW SENATE, AND SNEDDEN THOUGHT BEST THING AT THIS STAGE WAS TO REFER OPENLY TO HALL AS PRO-LABOR SO AS TO FORCE HALL TO VOTE WITH OPPOSITION IN ORDER TO "PROVE" HE IS NOT PRO-LABOR. (SINCE OUR CONVERSATION YESTERDAY, SENATOR HALL HAS VOTED WITH OPPOSITION ON TWO OF THE SIX BILLS THAT LED TO DOUBLE DISSOLUTION.)

12. AS A MEANS OF MAINTAINING EFFECTIVE OPPOSITION CONTROL OF SENATE, SNEDDEN SAID THERE IS SOME TRUTH IN REPORTS IN AUSTRALIAN PRESS THAT TASMANIAN LIBERAL PARTY WOULD SEEK TO READMIT SENATOR MICHAEL TOWNLEY OF TASMANIA, WHO, WITH HALL, IS THE ONLY OTHER INDEPENDENT IN SENATE. SNEDDEN COMMENTED GENERALLY THAT HE THOUGH OPPOSITION SENATORS WOULD CONTINUE TO OPPOSE GOVERNMENT LEGISLATION WHEN THIS WAS NECESSARY.

13. ECONOMIC AND FINANCIAL POLICY - SNEDDEN REITERATED HIS DEEP CONCERN OVER CURRENT ECONOMIC POLICY, INCLUDING OPPOSITION TO CURRENT TIGHT MONETARY POLICY AND THE IMPORTANCE HE ATTACHES TO FINDING SOME EFFECTIVE APPROACH TO RESTRAINT ON INCOME DEMANDS. HE ALSO EXPRESSED CONCERN OVER WIDENING BALANCE OF PAYMENTS DEFICIT AND OFFERED THE GENERAL VIEW THAT IT WOULD SOON REQUIRE CHANGES IN FOREIGN TRADE POLICY. POSSIBLY OF GREATEST INTEREST WERE HIS COMMENTS ON FOREIGN INVESTMENT. HE STRONGLY SUPPORTS A HIGH RATE OF ECONOMIC DEVELOPMENT AND

FAVORS RELIANCE ON FOREIGN CAPITAL INFLOW TO COMPENSATE FOR CURRENT ACCOUNT DEFICIT. IN THIS CONNECTION HE EMPHASIZED DISTINCTION BETWEEN FOREIGN OWNERSHIP AND FOREIGN CONTROL, STATING THAT HE HAD NO OBJECTION TO CONTINUING FOREIGN OWNERSHIP BUT WOULD LIKE

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TO SEE PROVISION OVER THE LONG TERM FOR AUSTRALIAN CONTROL OF MAJOR INVESTMENTS. TO EMBASSY'S KNOWLEDGE, HE HAS NOT PREVIOUSLY TAKEN THIS POSITION ALTHOUGH LIBERAL-COUNTRY PARTY ELECTION PLATFORM CALLED IN GENERAL TERMS FOR INCREASE IN AUSTRALIAN PARTICIPATION IN MANAGEMENT OF FOREIGN INVESTMENT AND FOR TIGHTENING OF GOA CONTROLS ON TAXATION AND FINANCIAL REPORTING BY FOREIGN ENTERPRISES.

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## Message Attributes

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